

Message Text

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ACTION SS-25

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C O N F I D E N T I A L KUWAIT 4943

EXDIS

JIDDA PASS RIYADH

E.O. 11652: GDS
TAGS: KU EGY ETRD PFOR
SUBJECT: FOR PLANS IN MIDDLE EAST

1. SENIOR FORD EUROPE EXECUTIVE EDWARD WILLIAMS AND J. WAYNE FREDERICKS, EXECUTIVE DIRECTOR, INTERNATIONAL GOVERNMENTAL RELATIONS FOR FORD MOTOR CO., PROVIDED FOLLOWING INFORMATION ON FORD MIDDLE EAST PLANS DURING CALL ON AMBASSADOR OCT 17. FORD IS TAKING A TWO-TRACK APPROACH, WORKING TO LIFT THE BOYCOTT WHILE SIMULTANEOUSLY MAKING THOROUGH STUDY OF POTENTIAL MARKETS AND DEALERSHIPS SO AS TO BE ABLE TO MOVE QUICKLY ONCE BOYCOTT LIFTED. ON THE BOYCOTT, MATTERS ARE NOW BACK TO ABOUT WHERE THEY WERE IN MAY AFTER SOME MISUNDERSTANDINGS WITH EGYPT DURING THE SUMMER. THESE WERE CLEARED UP BY MEETINGS SEPT 4 WITH EGYPTIAN PRIME MINISTER SALIM AND FOREIGN MINISTER FAHMY.

2. IN SEPT 4 MEETING FAHMY GAVE FORD THE GO-AHEAD TO SEARCH IN THE ARAB WORLD FOR CAPITAL TO HELP FINANCE ITS EGYPTIAN PLANT. DURING THEIR TWO-DAY STAY IN KUWAIT WILLIAMS AND FREDERICKS SAW OFFICIALS OF THE KUWAIT INTERNATIONAL INVESTMENT COMPANY, KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT, (KFAED), ARAB FUND FOR ECONOMIC AND SOCIAL
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DEVELOPMENT, INDUSTRIAL DEVELOPMENT BANK AND KUWAIT

INVESTMENT COMPANY. FORD EXECS OBSERVED THAT ALMOST ALL KUWAITI INVESTMENT OFFICIALS THEY TALKED TO NOTED FACT THAT FORD PRESENTLY ON BOYCOTT LIST, BUT WERE NEVERTHELESS QUITE WILLING TO DISCUSS SUBJECT OF FINANCING OF FORD PROJECT IN EGYPT. KFAED SHOWED THE MOST INTEREST, SAYING THAT, WHILE IT COULD NOT DIRECTLY FINANCE A FORD EGYPTIAN PLANT, IT WOULD BE INTERESTED IN FINANCING INFRASTRUCTURE RELATED TO FORD PLANT.

3. FREDERICKS SAID FORD UNDERSTANDS THAT THE RIYADH-BASED ARAB INVESTMENT COMPANY (AIC) IS THE MOST LIKELY SOURCE OF ARAB FUNDING FOR ITS EGYPTIAN OPERATIONS. WILLIAMS AND FREDERICKS PLAN TO SEE AIC DIRECTOR IBRAHIM IBRAHIM DURING THEIR VISIT TO RIYADH BEGINNING OCTOBER 18.

4. AMBASSADOR RECALLED KUWAIT FINANCE MINISTER ATEEQI'S EMPHASIS ON PROJECT RATHER THAN BALANCE OF PAYMENT FINANCING IN FRAMEWORK OF GODE OPERATION. HE SUGGESTED THAT WILLIAMS AND FREDERICKS WOULD DO WELL TO CHECK WITH GODE OFFICE PRESUMABLY HEADQUARTERED IN RIYADH, IF IT WERE ALREADY SET UP, IN ORDER TO INQUIRE INTO POSSIBILITY OF GODE FINANCING FOR FORD PROJECT. FORD EXECS SHOWED GREAT INTEREST IN SUGGESTION. THEY PLANNED TO ASK US-SAG JOINT COMMISSION OFFICE IN RIYADH FOR ASSISTANCE IN CONTACTING GODE.
MAESTRONE

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